



**EXAMINATION MATERIAL ZUEB - 2022**

**ACCOUNTING XI (COMMERCE)**

**SECTION “B” Constructed Response Questions. (CRQs).**

**CHAPTER 1  
INTRODUCTION  
TO  
ACCOUNTING:**

**Question no.01.**

What do you know about ‘GAAP’

**Question no.02.**

Define the term “AICPA”.

**Question no.03.**

Explain Classification of Accounts.  
(Personal Account, Real Account and Nominal Account).

**Question no.04.**

State the rules of Debit and Credit in terms of increase and decreases in values.

**Question no.05.**

Write the steps of Accounting Cycle.

**Question no.06.**

Classify the following accounts into Assets, Liabilities, Revenue, Expense, and Owner’s equity.

- |                           |                            |
|---------------------------|----------------------------|
| (i) Cash.                 | (ii) Account receivable.   |
| (iii) Account payable.    | (iv) Capital.              |
| (v) Vehicle.              | (vi) Purchase.             |
| vii) Salaries expense.    | (viii) Bank loan.          |
| (ix) Drawing.             | (x) Furniture & Fixtures.  |
| (xi) Subscription earned. | (xii) Overdraft.           |
| (xiii) Sales.             | (xiv) Commission received. |
| (xv) Commission paid.     | (xvi) Insurance used.      |
| (xvii) Supplies.          | (xviii) Unearned Rent.     |
| (xix) Prepaid wages.      | (xx) Outstanding Taxes     |
| (xxi) Machinery.          |                            |

**CHAPTER 2  
ACCOUNTING  
EQUATION AND ITS  
CONCEPTS:**

**Question no.01.**

Write the effect of the following transactions on accounting equation. Increase will be shown as (+), decrease as (-) and no effect as (0):

1. Owner invested cash in the business.
2. Purchased a Lap Tops on credit.
3. Cash Collection against account receivable.
4. Owner withdrew cash from the business for his personal use.
5. Paid Accounts Payable.
6. Sold merchandise for cash at a price in excess of cost.
7. Borrowed money from a friend.
8. Purchased furniture for cash.
9. One Lap Top returned to supplier, which was purchased on credit.

**Question no.02.**

For each of the following determine the missing figure.

1. The liability of a business entity having Assets of Rs. 400,000. And owner's equity of Rs. 180,000.
2. The assets of a business entity having liabilities of Rs. 100,000. And owner's equity of Rs. 200,000.
3. The owners' equity of business entity having Assets of Rs. 160,000. And liabilities of Rs. 80,000.
4. The revenue of business entity having expenses of Rs. 120,000. And owner's net income of Rs. 30,000.
5. The expenses of a business entity having revenue of Rs. 180,000. And net loss of Rs. 16,000.

**Question no.03:**

Calculate the following missing figures.

1. Calculate total revenue when total expense Rs. 40,000. And net profit Rs. 80,000.
2. Calculate net profit when total revenue Rs. 200,000. And total expenses Rs. 50,000.
3. Calculate total expense when total revenue Rs. 120,000. And net profit Rs. 70,000.
4. Calculate net loss when total revenue Rs. 140,000. And total expense Rs. 180,000.
5. Calculate total expense when total revenue Rs. 50,000. And net loss Rs. 10,000.

**Question no.04:**

**Mr. Farooq, completed the following transactions:**

**Jan 01.** 2015 Invested Rs. 900,000 cash in a business.

**Jan 04.** Purchased furniture for Rs. 50,000 cash.

**Jan 08.** Purchased merchandise for Rs. 15,000 on account.

**Jan 12.** Purchased Equipment for Rs. 40,000 on account.

**Jan 20.** Payment to supplier against purchase of merchandise Rs. 15,000

**Jan 21.** Goods Costing Rs. 5,000 sold for cash Rs. 12,000.

**Jan 23.** Withdrew cash by proprietor for personal use Rs. 20,000.

**Jan 27.** Goods Costing Rs. 3,000 sold cash Rs. 2,000.

**Required:**

Enter these transactions in accounting equation.

**CHAPTER 3**

**JOURNALIZING:**

**Question no.01:**

On February 01, 2021.Mr. M. Hassan Khan started a business with cash investment of Rs. 300,000. The following transactions were completed during the month:

**February:**

03: Opened a bank account with Rs. 100,000.

08: Purchased furniture from Mr. Baber Rs. 50,000 on account.

12: Purchased two computers Rs. 20,000 each on cash.

18: Purchased merchandise to Mr. Faraz Rs. 25,000 on account and Rs. 10,000 on cash.

24: Sold merchandise to Mr., Asif Rs. 20,000 on account.

28: Paid salaries to staff Rs. 40,000, by cheque Rs. 15,000 and balance in cash.

**Required:**

Record the above transactions in General journal of Mr. M. Hassan Khan.

**Question no.02:**

During the month Munawar Mirza completed the following transactions:

**June:**

02: Purchase merchandise for Rs. 35,000 and issued a cheque for the amount.

06: Purchased office supplies for Rs. 750.

08: Cash sales deposited into bank Rs. 20,000.

- 10: Received a cheque for Rs. 58,500 from Muhammad Ali in full settlement of their account Rs. 60,000 and deposited the same into bank.
- 13: Cash sales of merchandise Rs. 15,000.
- 14: Advertising expense paid by cheque Rs. 8,000.
- 18: Withdrew cash from bank for office use Rs. 2,500.
- 21: Issued a cheque for Rs. 13,700 to Haji Sons in full settlement of their account of Rs. 14,000.
- 23: Withdrew cash from bank for personal use Rs. 2,500.
- 25: Purchase for cash Rs. 2,000.
- 26: Bought furniture on credit Rs. 20,000.
- 28: Salaries paid to office employees Rs. 15,000 by cheque.
- 30: Rent paid by cash Rs. 7,000.

**Required:**

Record all the transactions in the standard form of General journal.

**Question no.03:**

The following transactions were completed during the month of September.

**September.**

- 01). Mr. Asif started business with cash Rs. 500,000.
- 03). Purchased office supplies on cash Rs. 5,000.
- 05). Purchased furniture with cheque Rs. 25,000.
- 08). Bought merchandise on cash Rs. 40,000.
- 10). Purchased merchandise on account from Mr. Ali Rs. 90,000.
- 13). Purchased equipment on credit from Mr. Naeem Rs. 50,000.
- 17). Sold furniture on cash Rs. 10,000.
- 20). Sold merchandise for cash Rs. 80,000.
- 22). Purchased merchandise Rs. 80,000 in which Rs. 30,000 paid by cash and balance on account from Mr. Rehan.
- 24). Sold goods on account to Mr. Wajid Rs. 100,000.
- 26). Sold goods on cash Rs. 50,000 and on account Rs. 70,000.
- 28). Sold machinery on credit to Mr. Sajid Rs. 30,000.
- 29). Paid Salaries to the staff by cheque Rs. 20,000.
- 30). Cash deposit in to the bank Rs. 15,000.

**Required:**

Record the above transaction in General Journal.

**Question no.04:**

The following transactions were completed by K & Y Company during the financial year January to December 1981.

1. Commenced business with cash Rs. 10,000.
2. Purchased merchandise on account Rs. 2,500.
3. Returned merchandise to supplier Rs. 250.
4. Sold merchandise on account Rs. 5,000.
5. Customers returned merchandise Rs. 100.
6. Received cash from customers on account Rs. 2,000.
7. Paid creditors on accounts Rs. 1,200.
8. Paid for salaries expense Rs. 500.
9. Paid for shop rent expense Rs. 150.
10. Purchased sales equipment for cash Rs. 700.

**Required:**

Record the above transactions in General journal of K & Y Company.

**CHAPTER 4  
GENERAL LEDGER  
AND TRIAL  
BALANCE:**

**Question no.01:**

On February 01, 2018. Mr. M. Hassan Khan started a business with cash investment of Rs. 300,000. The following transactions were completed during the month:

**February:**

- 03: Opened a bank account with Rs. 100,000.
- 08: Purchased furniture from Mr. Baber Rs. 50,000 on account.
- 12: Purchased two computers Rs. 20,000 each on cash.
- 18: Purchased merchandise to Mr. Faraz Rs. 25,000 on account.
- 20: Sold furniture Rs. 20,000 on cash.
- 22: Purchase merchandise Rs. 10,000 on cash.
- 24: Sold merchandise to Mr. Asif Rs. 20,000 on account.
- 26: Paid salaries to staff Rs. 40,000, by cheque.
28. Withdrew cash from bank for owner's own use Rs. 15,000.

**Required:**

- a) Setup ledger Accounts in T – Form and make posting therein.
- b) Foot and balance the account in pencil.
- b) Prepare a Trial Balance on 28<sup>th</sup> February.

**Question no. 02.**

The following transactions relate to Mr. Kashif, a sole trader during March 2021:

**March:**

- 01: Started business with cash investment of Rs.50,000.
- 04: Opened a bank account with Rs. 10,000.
- 07: Purchased goods on credit from Mr. Adnan for Rs.4,000.
- 10: Goods returned to Mr. Adnan for Rs.500.
- 16: Sold goods on account to Mr. Basit for Rs.6,000.
- 22: Received cash Rs.3,000 from Mr. Basit.
- 25: Withdrew cash from bank Rs.2,000 for personal use.

**Required:**

- b) Setup necessary T-accounts in the general ledger and post the transactions there-in. Foot and balance the accounts.
- c) Prepare Pre-closing Trial Balance on January 31, 1996.

**Question no.03.**

The post-closing Trial Balance of Tariq & sons showed the following balances on Dec. 31, 2020:

Cash	10,000.
Accounts Receivable	5,000.
Merchandise inventory	3,000.
Accounts payable	8,000.
Tariq & sons	10,000.

Their transactions for the accounting year January to December 2021 were as follow:

- 1) Bought merchandise on account from Sajid & Co. Rs. 4,000 and from Rahat & Co. Rs. 3,000.
- 2) Returned merchandise on accounts to Sajid & Co. Rs. 500 and to Raja & Co. Rs. 600.
- 3) Sold merchandise on accounts to Sami & co. Rs. 10,000 and to Zakir & co. Rs. 12,000.
- 4) Merchandise was returned by Sami & co. Rs. 700 and by Zakir & co. Rs. 500.
- 5) Purchased office Equipment on account Rs. 5,000.
- 6) Paid cash for salaries expense Rs. 2,000.

	<p><b><u>Required:</u></b></p> <p>a) Post the above transactions in the ledger accounts in skeleton ‘T’ form.</p> <p>b) Prepare Pre-closing Trial Balance.</p>
<p><b>CHAPTER 5 CASH BOOK &amp; PETTY CASH BOOK:</b></p>	<p><b><u>Question no.01:</u></b></p> <p>Majid, a trader, uses a three-column cash book. On September 01, 2021 he had cash on hand Rs.78,000 and cash at bank Rs. 109,000. During September, he completed the following transactions:</p> <p><b><u>September:</u></b></p> <p>01. Sold goods for cash Rs.30,000 and on account Rs.20,000.</p> <p>07. Received a cheque for Rs. 17,500 from Jamal in full settlement of his account of Rs. 18,000.</p> <p>11. Issued a cheque for Rs. 14,700 to Mubeen in full settlement of their account of Rs. 15,000.</p> <p>18. Deposited into bank the cheque received on Sep. 7.</p> <p>27. Withdrew cash from bank Rs.7,000 for personal use and Rs.5,000 for office use.</p> <p><b><u>Required:</u></b></p> <p>a) Prepare a three-column cash book and record the above transactions.</p> <p>b) Balance the Cash Book on September 30. Bring down the balances on October 1, 2021.</p> <p><b><u>Question no.02:</u></b></p> <p>On January 1, 2021 Ahmed Bros. Started business with a cash investment of Rs.5,00,000. They completed the following transaction during the month:</p> <p><b><u>January:</u></b></p> <p>02. Purchased merchandise for cash, Rs.3,000.</p> <p>03. Opened a bank account with Rs.4,000.</p> <p>04. Cash Sales, Rs.1,500.</p> <p>10. Sold merchandise to Mushtaq, Rs.1,000.</p> <p>11. Paid to Answer by cheque, Rs.690; in full settlement of his account of Rs. 700.</p> <p>13. Overdraft facility of Rs.20,000 was granted by bank.</p> <p>15. Withdrew from bank cash for office use, Rs.500.</p> <p>18. Advice received from bank that customer Salim has made direct Payment Rs.2,000 into bank.</p>

23. Received cash Rs.2,750 form Bahadur in full settlement is account of Rs.2,800.

26. Mushtaq became insolvent and only fifty paisa in the rupee could be received from him.

30. Cash short by Rs.50.

**Required:**

- a) Record the above transactions in a three-column Cash Book.
- b) Balance the Cash Book on January 31<sup>st</sup>, 2021 and bring down cash and bank balances on February 01<sup>st</sup>, 2021.

**Question no.03.**

The following are transactions of Babar Ali for the month of May 2021:

**May:**

- 01) Balance of cash in hand Rs. 27,000 and cash at bank Rs. 135,000.
- 03) Cash received from a customer on account of cash sales Rs.14,400.
- 05) Cash deposited in to bank Rs. 9,000.
- 06) Cash paid for salary of staff Rs. 21,600.
- 09) Paid cash for telephone bill Rs. 1,440.
- 10) Sold merchandise on cash Rs. 36,000.
- 13) Purchased merchandise on cash Rs. 16,200.
- 16) Received a cheque from a customer and deposited into bank Rs. 28,800.
- 16) Received cheque from Baqir Ali Rs. 63,000.
- 18) Purchased merchandise and paid by cheque Rs. 15,300.
- 18) Deposited cheque of Baqir Ali into bank.
- 19) Paid by cheque to Sulaiman Rs. 9,450 in full settlement of his account of Rs.9,720.
- 20) Withdrew cash from bank for office use Rs. 18,900.
- 22) Babar Ali withdrew cash from bank for his personal use Rs. 10,800.
- 24) Paid office rent by cheque Rs. 11,700.
- 27) Received cheque from Faiz Rs. 45,360 in full settlement of her account 46,800.
- 28) Issued cheque for advertisement Rs. 6,300.
- 30) Deposited cheque of Faiz into bank.

**Required:**

- i) Enter the transactions into a Three - Column Cash Book.
- ii) Set-up T-Accounts for Sales Discount and Purchase Discount.



**Question no.04.**

On May 1 2020, Sabahat and Co. established a petty cash fund on imprest system by Rs.20,000. Payments made during the month of May from the fund are listed below:

**May:**

1. Purchased typewriter ribbon and carbon papers Rs.200.
3. Paid rickshaw fare Rs.350.
6. Paid for telegram to Lahore Rs.110.
7. Paid for camel cart hire Rs.80.
8. Paid for lunch, offered to customers Rs.100.
11. Paid for postage stamps Rs.400.
15. Paid for postage and registration of postal parcel Rs.600.
17. Purchased gum, stamping, machine and pins Rs. 1500.
20. Paid for postal charges on registered parcel Rs.500.
23. Advanced to guard Rs.4500.
24. Paid for Uber fare Rs. 1200.
27. Paid for outstanding bill for repairs of typewriter Rs.1800.
29. Paid for cartage Rs.400.
31. Purchased duplicating papers Rs.700.

**Required:**

- a) Record the above transactions in Petty Cash Book having special columns for:
- |                 |                            |
|-----------------|----------------------------|
| i) Stationary.  | (ii) Postage and Telegram. |
| (iii) Cartage.  | (iv) Entertainment.        |
| (v) Conveyance. | (vi) Sundries.             |
- b) Balance the Petty Cash Book on 31<sup>st</sup> May 2020 and enter the amount reimbursed on June 01<sup>st</sup>, 2020.

**Question no.05:**

Sajid & Co. established a Petty Cash Fund on imprest system by issuing cheque for Rs.200 on September 1, 2001. The following payments were made from the fund during September, 2001:

**September:**

- 01: Paid for gum, papers, etc. Rs.20.50.
- 02: Paid for Cartage Rs. 10.50.
- 03: Paid advance to Chowkidar Rs. 20.50.

- 04: Paid for Camel Cart hire Rs. 20.50.  
05: Paid for Telegram Rs. 10.50.  
07: Paid for registered parcel Rs. 12.50.  
09: Paid for rickshaw fare Rs. 8.50.  
12: V.P.P. received Rs. 10.50.  
14: Paid for electricity bill Rs. 20.50.  
18: Paid for Tea and Biscuits Rs. 7.50.  
22: Paid for Taxi Fare Rs. 10.50.  
24: Paid for Carriage Rs. 6.50.  
26: Paid for papers Rs. 9.50.  
28: Paid for postage stamps Rs. 3.50.  
30: Paid for entertainment Rs. 8.50.

**Required:**

- a) Prepare an analytical Petty Cash Book under Imprest system. Balance the Petty Cash Book on September 31<sup>st</sup>, 2021.  
b) Pass necessary general journal entries of Petty Cash Book.

**CHAPTER 6  
SPECIAL  
JOURNAL:**

**Question no.01:**

The following transactions were completed by Mr. Baig during March 2021:

**March:**

- 02: Sold merchandise on account for Rs. 1,350 to Mr. Rizvi.  
09: Sold merchandise on account for Rs. 1,750 to Mr. Azaan.  
12: Sold merchandise on cash Rs. 1,000 to Mr. Rizvi.  
15: Sale machinery on credit Rs. 3,000. to Mr. Azaan.  
15: Defective merchandise returned by Mr. Rizvi Rs. 150.  
18: Sold merchandise on account for Rs. 2,000 to Mr. Shaikh.  
19: Inferior merchandise returned by Mr. Azaan Rs. 200.  
22: Bought merchandise on account Rs. 5,000 from Mr. Shaikh.

**Required:**

- a) Prepare Sales Journal (page no. 03).  
b) Prepare Sales Return & Allowances Journal (page no. 05).

**Question no.02:**

Redford Co. entered into the following transactions during April, 2020.

**April:**

01: Purchased merchandise from Green Co. under credit terms of 2/10, n/30, Rs.6,000.

05: Purchased office supplies on credit Rs. 800.

08: Purchase goods on account from Fair Traders, Rs. 12,000. A 20% trade discount is allowed.

12: Purchased office equipment on account from Eagle Co. Rs.6,500.

25: Purchased merchandise on credit from Fast Co. Rs.9,800.

30: Purchased merchandise under credit terms of n/30 from Alfa Co. Rs.15,600. A 10% quantity discount is allowed.

**Required:**

- a) Record the transactions listed above in a Purchase Journal and General Journal.
- b) Setup Purchase Journal and Accounts Payable in the General Ledger at April 30.

**Question no.03.**

The following are Purchase Journal and Purchase Returns and Allowances Journal of Muzammil and Company for the month of June of the current year.

**Muzammil and Company  
Purchase Journal**

<b>Date</b>	<b>Invoice no.</b>	<b>Name of Suppliers</b>	<b>P.R.</b>	<b>Amount</b>
<b>June.</b>				<b>Rs.</b>
01.	435.	Qazi Brothers.		12,000.
04.	641.	Mehran Traders.		6,500.
14.	512.	Qazi Brothers.		9,400.
24.	672.	Mehran Traders.		11,600.
24.	215.	Dilawar and Sons.		7,300.
30		Purchases Dr Accounts Payable Cr	502 201	56,800.

**Muzammil and Company**  
**Purchase Return & Allowance Journal**

Date	Note no.	Name of Suppliers	P.R.	Amount
<b>June.</b>				<b>Rs.</b>
09.	112.	Qazi Brothers.		550.
09.	213.	Mehran Traders.		950.
20.	145.	Qazi Brothers.		400.
26.	248.	Mehran Traders.		600.
27.	215.	Dilawar and Sons.		800
30.		Accounts Payable	201	3,300.
		Dr	503	
		Purchase Return & Allowance		
			Cr	

**Required:**

Prepare General Ledger and subsidiary ledger of Accounts payable and their schedule on June 30.

**Question no.04.**

Given: Following information for the month of January 2013, is extracted from the books of Gulistan Co.

**January:**

- 01: Sold merchandise on credit to Rehman Sons Rs. 5,000.  
 02: Sold goods on credit to Mehran Stores Rs. 6,000.  
 03: Rehman Sons, Returned merchandise worth Rs. 450.  
 10: Sold merchandise to Hadi and Co. worth Rs. 2,000.  
 17: 10% allowance given to Mehran Stores on defective goods of Rs.2,000/-, sold to him on January 02, 2013.  
 27: Sold merchandise on account to Rehman Sons. Rs. 3,000.  
 29: Sold merchandise to Hadi and Co. Rs. 2,500/- for cash.

**Required:**

- a) Record the above transactions in appropriate journal.  
 b) Prepare Account Receivable subsidiary ledgers for each customer in self Balancing form.

**CHAPTER 7**  
**BANK**  
**RECONCILIATION:**

**Question no.01.**

The following data relate to Yasir & Co. on January 31, 2021:

1. Balance as per Cash Book Rs. 10,550.
2. Balance as per Bank Statement Rs.13,000.
3. Cheques deposited into bank for Rs.30,000, of which bank has collected Rs. 16,000.
4. Cheques issued for payment Rs.40,000, of which Rs.31,000 were paid by bank.
5. Profit credited by bank Rs.850 not recorded in the cash book.
6. Bank charges Rs.400 recorded in bank statement only.
7. Online deposit by a customer Rs.7,000 not recorded in the cash book.

**Required:**

Prepare a bank reconciliation statement as on Jan. 31, 2021.

**Question no.02.**

A comparison of the Cash Book (bank columns) and the Bank Statement of Mahek & Wahid Company for the month of May 2020 revealed the following:

- a) Bank Balance as per Cash Book on June 30 was Rs. 10,570.
- b) Balance as per Bank Statement on June 30 was Rs.4,115.
- c) June 28 and June 29 cheque deposits, Rs.5,000 and Rs.4,000 respectively, were not shown in the Bank Statement.
- d) Cheque issued on June 25 and June 26 respectively in favour of Hamid Rs.1,000 and Nasir Rs.1,500 were not presented for payment upto June 30.
- e) Bank had given a credit for Rs.50 in respect of interest but was not recorded in Cash Book.
- f) Bank had made a collection charge of Rs.5, which was not recorded in Cash Book.

**Required:**

Prepare a Bank Reconciliation Statement as of May 31, 2020.

**Question no.03.**

On a comparison of cash Bank entries with those of the Bank statement of Rahim and co. on May 31, 1993 the following differences were found:

1. Cash Book balance (Dr.) on May 31 was Rs. 5,650.
2. Bank statement balance (Dr.) overdraft on May 31 was Rs. 8,780.
3. Markup charged by bank. Rs. 500 was not recorded in the cash Book.
4. Service charges levied by bank not recorded in the cash Book Rs. 150.

5. A cheque for Rs. 9,500 deposited into bank was wrongly entered in Bank Statement as for Rs. 5,900.
6. cheques outstanding R8.5,820.
7. Deposit of Rs. 16,000 on May 31 not shown on Bank Statement.
8. Bank Statement showed a direct deposit of Rs. 1500 by a customer.
9. Accompanying Bank statement was customer's cheque for Rs. 1200 returned unpaid by bank.
10. A cheque for Rs. 800 issued in settlement of an account payable was erroneously entered in cash book as for Rs. 500.

**Required:**

Prepare a Bank Reconciliation Statement as of May 31, 1993.

**Question no.04.**

The Accountant of Urooj Ltd. has extracted the following data from its cash book (Bank Columns and bank statement November 30, 2008

1. Credit Balance (O.D) as per cash book I RS. 74,000.
2. Debit Balance (O.D) as per Bank Statement RS. 62, 700.
3. Bank Charges not recorded by the Co. RS, 1,200.
4. Cheque deposited on November 30, 2008 but not shown on Bank Statement Rs. 28,000.
5. Deposit by a customer directly made in company's account not recorded by the cash book Rs. 50,000.
6. A cheque for purchase of supplies was drawn for Rs. 65,000 but was recorded on Company's records as for Rs. 56,000.
7. The company offices issued a cheque for Rs. 5,000 for traveling expenses. This cheque was not recorded by the company.
8. Cheque issued during November, but not presented to the bank for Payment Rs. 4,500.

**Required:**

Prepare a Bank Reconciliation statement Showing the corrected balances.